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SUBJECT: CONSTRUCTION, ENGINEERING AND CONTINGENCY		

STATEMENT OF POLICY:

It is the policy of the Board for Financing Water Projects (Board) to establish guidelines for appropriate funding of engineering design, construction, construction engineering and construction contingency to assure that appropriate and necessary costs are included in grant requests.

PURPOSE:

To provide appropriate guidance for project elements that should be estimated for engineering design, construction, construction engineering and construction contingency in a grant application and to establish a policy for moving funds between categories after the start of a project.

BOARD POLICY:

1. Project estimates for grant requests must be detailed. In the case of construction grants, the preliminary engineering report (PER) should give consideration to all possible project elements listed in the categories below and provide estimates for all relevant elements. All engineering design, construction and construction engineering elements must be clearly cost delineated. Note that engineering design needs to include all of the project elements necessary to begin construction. If design discrepancies are found or changes in scope are needed after the PER is complete, updated cost information for each new/changed element needs to be submitted to staff along with justification for review and approval prior to the start of any construction. Estimates for engineering design, construction, construction engineering and construction contingency should follow these guidelines:
 - Engineering Design includes, but is not limited to, preparation of the grant application, pre-construction engineering design, geotechnical investigations, surveying, mapping, laboratory analyses, permits, classified advertisements, etc.
 - Other pre-construction costs may include, but are not limited to, easements, rights-of-way, attorney fees, land acquisition, administrative fees, etc.
 - Construction includes the actual project materials and labor associated with construction. Other typical costs associated with construction include, but are not limited to, construction staking, construction permitting fees, traffic control, roadway patching/paving, utility locating, site restoration/revegetation, etc.

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- Construction Engineering includes, but is not limited to, construction inspections, engineering project oversight, testing, survey control, etc. A request to include a percentage for unforeseen construction engineering expenses must be accompanied by justification.
 - Contingency generally applies to construction. Contingency should be included in the project estimation based on a percentage of the total construction cost. This will vary with the complexity of the construction project. Contingency should only be used for unforeseen change of design requirements or unexpected increases in material costs.
2. Staff has the authority to move funds between categories based on a complete justification provided by the grantee and professional judgment. Should staff feel that the engineering change submitted is not in line with the originally approved project, staff may refer the requested action to the Board.